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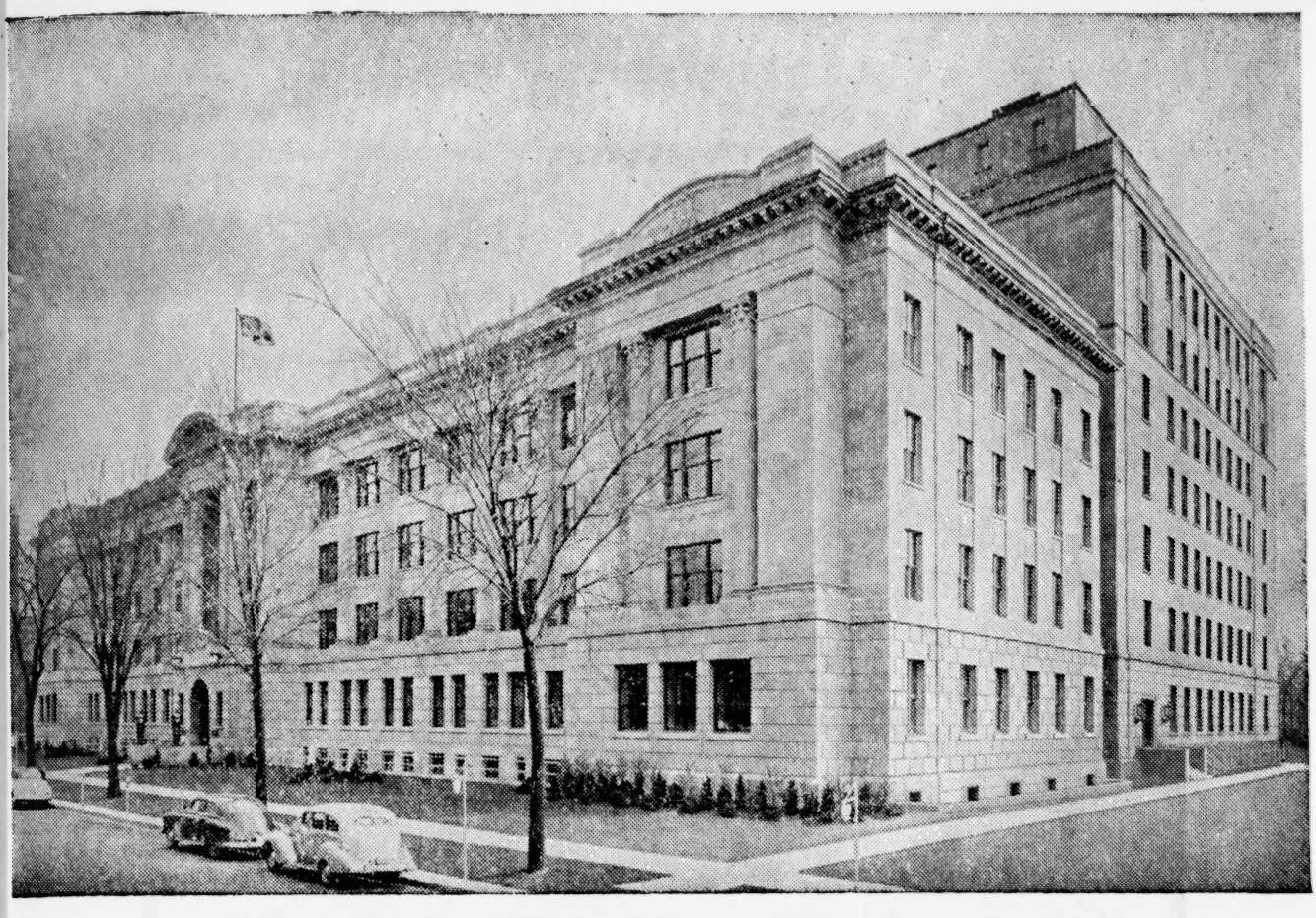

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About Our Authors . . .

Premier Ernest C. Manning was born near Carduff, Saskatchewan and in his early years joined William Aberhart's Prophetic Bible Institute in Calgary. A devout follower of the latter's religious and economic theories, he later followed him into the political sphere. When the Social Credit Party came into power in Alberta in 1935, Mr. Manning was given a cabinet position, and he has been Premier since 1943. His radio broadcasts also command a wide audience.

Upon graduation from University of Western Ontario and Osgoode Hall, **Mr. R. V. Hicks** immediately joined the Toronto firm of Tory and Associates, in which he is now a partner and a specialist for management in labour law. Last spring, Mr. Hicks played a leading role in the Industrial Relations Conference at the U.W.O. School of Business Administration.

Irene E. Elliott, who collaborated with Mr. Hicks to write the article entitled "The Lawyer in Labour-Management Negotiations" which appears in this issue, is a graduate in law from University of Toronto and later received her MA in economics there, specializing in industrial relations. She devoted two years to research in collective bargaining at the London School of Economics and spent the same length of time in industry doing personnel administration and industrial relations. She is now Research Associate at the School of Business Administration, doing special work in the labour-management aspects of business.

Dr. K. W. Walter is a member of the Marketing Research Department of Imperial Oil Limited. He specializes in the application of business geography techniques to locational studies. After graduating from the University of Western Ontario in economics, he studied business geography, marketing, and sociology at Harvard University and Syracuse University. He has held

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several industrial research fellowships and now does retailing and merchandising studies. As one of the pioneers helping business firms obtain better locations, he has analyzed a number of cities across this country.

Dr. Charles R. Williams, author of "Noise as an Industrial Problem" received his AB degree from Union College, Schenectady, N.Y., and his AM and PhD from Harvard University. He is at present Director of Applied Research, Loss Prevention Department, Liberty Mutual Insurance Company, and Assistant Professor of Industrial Hygiene, Harvard School of Public Health, Boston. Furthermore, Dr. Williams is an active representative of his field in the following Associations: Committee on Sanitary Engineering and Environment of the National Research Council (U.S.), American Standards Association, American Industrial Hygiene Association, Associated Industries of New York, and Industrial Hygiene Foundation of America, Inc.

In 1932, **Mr. George Englesmith,** who has prepared the article on "Design for Offices", returned from Texas to England, where he was born, to study architecture at Liverpool University. Since receiving his B.Arch. there, he has participated in town planning and has designed industrial plants, offices, homes, products, etc. He has lectured in architecture and design at the School of Architecture, University of Toronto, and has encouraged the development of designs to meet the special needs of the Canadian environment. Mr. Englesmith is an Associate of the Royal Institute of British Architects and member of the Society of Industrial Artists (U.K.), The Architectural Association (London, England), the Royal Architectural Institute of Canada, the Association of Canadian Industrial Designers, and the National Industrial Design Committee.

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A Company Lawyer's Role in Labour Relations

R. V. Hicks

I. E. Elliott

Last year Mr. Hicks was a seminar leader at a three-day Industrial Relations Conference held at the University of Western Ontario. During one of the discussions, some of the men in attendance were critical regarding the use of lawyers in negotiating labour agreements on the ground that because of their training they might be too technical in approach. We felt that this was an issue which might make an interesting and enlightening article to publish for those subscribers who are concerned with union-management relations, and Mr. Hicks has kindly consented to present his views on the subject.

DURING a recent seminar on collective bargaining, the point arose in the course of the discussion of an actual case history involving negotiation proceedings that the use of a lawyer in such a situation might be unwise because undue emphasis on legalism and technicalities might result. Such comments were made as "Don't ever bring a lawyer into negotiations!" and "Lawyers always tie up the works with legal jargon!"

While the identity of management's spokesman in the negotiation case had been well camouflaged for the purpose of the case study, at the same time his extensive preparation for negotiations and skillful, though not technical, negotiating technique, were recognized as model criteria for general adoption in collective bargaining negotiations. Ironically enough, however, and still unknown to the seminar group, the management's representative in this case history was none other than its lawyer!

Definition of "Company Lawyer"

The question then arises as to what extent lawyers may be usefully engaged by management in matters involving collective bargaining. Before enlarging on this issue it is necessary to define the kind of lawyer who is being discussed. This article is concerned only with legal counsel who have specialized in labour matters and who advise management regarding their activities in this area alone. The term "labour lawyer" is often used to describe those persons who specialize in industrial relations but act exclusively for trade unions. The term "company lawyer" in the title has

been used to distinguish the parallel specialist who acts for companies in their relations with labour. We are discussing, therefore, the use by management of a legal technician in labour relations, in the sense that he is a specialist in this special phase of the law as it pertains to this particular area of management functions.

It should be made clear, too, that the lawyer under consideration here is the one who might usefully be retained as an outside consultant by those companies who are not sufficiently large enough to warrant having their own internal legal department or hiring such a lawyer as a permanent employee to deal with labour matters.

The Development of the Lawyers' Role

The collective bargaining process broadly embraces four distinct basic phases: namely, union organization and subsequent recognition by the employer (either voluntary or resulting from government certification); the negotiation of the agreement; conciliation of unresolved bargaining issues; and finally the administration and enforcement of the agreement, including the process of arbitration.

The role of legal counsel in these phases of the collective bargaining process is an outgrowth of the introduction just a decade ago of compulsory collective bargaining legislation in Canada. This gave rise to the development of a further specialty in the legal profession similar to earlier developments in the fields of corporate finance, taxation, etc. In the Province of Ontario, for example, management and union alike were obliged at the outset to be represented by legal counsel in certification proceedings before the Ontario Labour Court. Subsequently, management continued to find representation by legal counsel desirable when involved in proceedings before administrative tribunals because of the technicalities of the legislation, the growth of "jurisprudence" or interpretative decisions by such tribunals, and the use by unions of labour lawyers or other professional representatives who, by reason of broad experience, were more conversant with the administration and application of the governing legislation than their counterpart in industry.

Generally speaking, management had little, if any, experience in the various administrative procedures involved or, for that matter, in collective bargaining itself. On the other hand, a battery of experienced union personnel in the form of organizers, business agents, and qualified research statisticians were daily engaged in acting on behalf of unions. It was only natural, therefore, that employers came to rely upon legal counsel who were not only qualified to interpret prevailing legislation but because of broader experience in acting for industry generally were also better equipped to counterbalance the skills represented by the professional advocates of trade unions.

Aid in Legal Interpretation and Human Relations

Employers also found it increasingly useful to consult legal counsel in connection with the innumerable problems normally associated with the organizational activities of the employees during the formative period of a union's development. While legislation endows the employees and unions alike with certain defined rights and prohibits any form of compulsory interference by management in such connection, questions arise from time to time relating to management's rights to maintain discipline or to inform employees as to management's policy regarding unionization. Such issues entail a thorough understanding of the applicable legislation and the policies and practices of the tribunals responsible for its administration.

In addition, and equally as important, are the more practical considerations relating to the nature and psychology of the union and employees concerned, which are more readily comprehended if reflected against a broad experience in labour relations. Although this latter description might apply equally as well to a labour specialist who is not a qualified lawyer, nevertheless it is generally the case that the lawyer in this field deals so extensively with both the legal and the more practical considerations in labour problems and in so many varied firms and industries that he acquires this additional knowledge and perspicacity by sheer constant exposure if nothing else.

Qualified legal counsel, therefore, should not ordinarily rely solely upon technical interpretations but should also give appropriate weight to aspects of human relations and the even more vital problem of the efficient continuity of production. It should be emphasized again in this connection that unless a crisis of major proportions has been precipitated, labour relations problems cannot ordinarily be settled in a court of law but must be reconciled across the bargaining table. In other words, the role of the lawyer is not confined to the narrow limits of purely technical interpretations which might concern the court of law. Although his primary responsibility may be to advise management of its rights and obligations under the law, his broader function must be to relate his advice to other more practical considerations, such as the character of the union concerned, the nature and size of the labour force involved, the economic factors inherent in the situation, and so forth.

Aid During Union Organization

Qualified advice and representation is essential during the initial phase of the collective bargaining process which deals with the recognition and certification of the union. Such certification constitutes the cornerstone for future employer-union relationships; it not only determines the structure of the bargaining unit of employees but also the union, if any, which is to represent them.

Certification has been aptly described as a catalyst to bring management and labour together for collective bargaining purposes. If it is to function as such without engendering discord, it is important to the employees that they be represented by a union of their own choice, and further that management is satisfied that such union is entitled under the legislation to act on their behalf. The management of smaller enterprises cannot be expected to have sufficient knowledge to carry on certification proceedings satisfactorily on their own. Because of the problems related to the procedural requirements, the establishment of the appropriate bargaining unit, and such personnel issues which may develop from the organizational activities of the union, management is finding increasing need for the advice and guidance of counsel.

Aid in Negotiation

In the negotiation of an agreement, the lawyer's role varies considerably, depending upon the nature of the relationship between management and its employees and the qualifications of management's responsible personnel. Counsel may act in a consulting capacity only to management, advising with respect to the preparation for negotiations, including drafting of the initial submissions to the union as the basis of negotiations, together with alternative provisions available for trading purposes. He may also advise regarding the preparation wage and other statistical surveys within the industry and within the industrial area of the employer, and equally important, with respect to wage and bargaining policy practices followed elsewhere by the same union. In connection with this latter phase of legal advice, the lawyer who devotes much of his time to industrial relations is normally in a much better position than management personnel to assess the overall labour picture in the industry and to advise accordingly.

In many instances an employer will assign the corporate counsel to act as the spokesman for management throughout negotiations, rather than use him only for consulting purposes. Many employers, and, for that matter, several trade unions, prefer the lawyer to represent the company in negotiations, since this relieves senior management from becoming involved in direct personal conflict with union representatives and employee members of the bargaining committee over contractual issues. Management is thereby enabled to administer the agreement more effectively once it is consummated, not having taken part in the frictions of the bargaining table. Furthermore, the company's lawyer, being physically detached from the organization, is often regarded by unions as being more objective, and, accordingly, can serve more readily as an informal or formal liaison between the two parties should negotiations break down.

Whether or not the lawyer's role in negotiations is that of an outside consultant or of an active participant, he is usually best qualified to give advice with regard to negotiating strategy, wage policy, and contractual changes, particularly relating to terminology. Because of the growing emphasis on the arbitrations of industrial disputes, the terminology of the collective agreement has become increasingly important. Generally speaking, collective agreements in the past represented "gentlemen's understandings" which outlined briefly and simply the broader principles covering the relationship. They were very seldom subject to critical examination at arbitration, with the result that language was relatively unimportant. Misunderstandings were resolved by discussion, or failing that, by force or threat of force in the form of a strike or lockout, which until just over a decade ago were not prohibited during the lifetime of an agreement. With the enactment of legislative sanctions against strikes or lockouts during the term of an agreement and pending exhaustion of the conciliation process, arbitration became the best device by means of which the parties could reconcile differences arising between them during the term of an agreement.

Clearly, therefore, a major role of a corporation's counsel concerns the settlement of terminology in the collective agreement. If the terms of the agreement arrived at during negotiations are not drawn by a company's lawyer, ordinary precaution dictates that he be given an opportunity of passing upon any change in language before execution of the final agreement. Where counsel is not present throughout negotiations he should be kept continually informed as to their progress. Management's neglect to do this and to refer to counsel for advice regarding the drafting of the agreement has often resulted in the contract later being construed at arbitration to the financial detriment of management because the intention of the parties had not been clearly expressed.

Aid in Conciliation

Failing settlement of an agreement by negotiation between the parties the current legislation prescribes the use of conciliation machinery which involves mediation by a conciliation officer in the initial stage, and failing settlement there, the constitution of a conciliation board. Such a board is composed of representatives of management and labour, the third member and chairman being appointed by them, or failing agreement, by the appropriate Minister of Labour.

Here again, qualified counsel can advise not only in connection with the process involved and the appointment of appropriate representatives on conciliation boards, but also with respect to the preparation of management's case at both the conciliation officer level and for presentation to the conciliation board. The company's lawyer should

not only be able to prepare and, if necessary, present to the board a properly documented brief covering the issues in dispute, but should also advise regarding the overall strategy throughout the conciliation process.

Negotiating technique and strategy is increasingly important at this stage because the issues are regarded more seriously by the parties, and failing reconciliation may precipitate a complete stalemate. Experienced counsel can assist in guiding management to a satisfactory conclusion because of a broader understanding of the conflicts involved and formulae that have been adopted for settlement in other similar situations. Employer representation by a qualified lawyer on a conciliation board is equally important because of ability to assess the evidence and representations of the parties in relation to appropriate standards and practices developed throughout general industry.

Aid in Arbitration

Similar considerations prevail in the arbitration process, where technical interpretations of language in the contract are normally involved. While management may feel competent to argue its own case at arbitration, it is usually advisable to obtain legal counsel in preparation, not only as to the issues in dispute, but also as to the evidence adduced in support of management's position. It is recognized that lawyers are more skilled than laymen in interpreting the technical aspects of an agreement and in assembling evidence, particularly since the arbitration process is quasi-judicial in character and involves techniques normally associated with legal proceedings. The evidence and the cross-examination of opposing witnesses may, in themselves, determine the ultimate decision at arbitration. The role of counsel at arbitration can, therefore, be a major factor in a satisfactory determination of the issues involved.

A Reconsideration of the Implication

To summarize, the old argument that the use of lawyers in labour relations tends to "bog down" the proceedings in endless technicalities no longer applies with such force or validity. In any case, the use of the term "technical" is ambiguous in its application. In the early days of collective bargaining and labour legislation there were no specialists in the field, and lawyers generally brought to the collective bargaining relationship all the legal habits of the courtroom, which earned them this criticism. Today, however, the term "technical" applies in a different sense. The lawyer is not technical in that he uses his courtroom mannerisms in the collective bargaining process; but he is and must be technical in that he is now dealing with a highly technical, specialized, and growing field of law and practice.

The lawyer handling labour problems today is normally a specialist in the field, one who knows it thoroughly. The field is not, as in the first phases of collective bargaining in this country, a negligible sideline of his law practice. Labour relations are covered by well developed legislation, collective bargaining practices, trade union organization, and industrial precedents. A lawyer in consequence represents management accordingly. If he appears to be technical, it is as a result of the growth of technical considerations, but not his own legal training. In short, whether management is in accord or not, modern complexities of labour relations necessitate some use of the legal expert. This is not to say that management should abandon its collective bargaining functions and use the company counsel as its industrial relations manager, but if the trend of increased complexity in labour relations continues in the future as it has in the past, management would only be prudent to avail itself when necessary of the specialist's advice.

Noise As An Industrial Problem

Charles R. Williams

Recently, articles analyzing colour, design, and lighting in industry have appeared in The Quarterly. This is another in our series devoted to discussions of the solutions by industry of physical problems common to most groups and individuals. Dr. Williams outlines the effects of noise in industrial situations and the latest developments in noise control and elimination.

FROM the time man first began to work metal he has produced sounds different from those of his natural environment. These earliest industrial noises were unquestionably annoying since they were outside normal human experience. As man has developed, he has found ways of having machines do much of his work for him, and these machines have increased the background of noise. Since this development was quite gradual, the increase in noise was gradual and has been accepted more or less as a necessary evil to be tolerated as part of the price to be paid for industrial development. Noise as part of industry has been endured by all concerned without much protest except in a few instances. In recent years, however, there has been an increasing interest in noise and its effects on man brought about by a combination of many factors, such as the development of automatic high speed equipment, the use of heavier equipment, and a large increase in the number of people employed industrially.

It should be pointed out that industry is not alone in changing our noise pattern. In order to keep our perspective we must remember that the increased tempo of daily living has multiplied non-industrial noises. City traffic, airport traffic, trains, power lawnmowers, cocktail parties, electric shavers, radio and television in homes, and theatres often provide noise environments which are as loud and annoying as many industrial plants.

Much of the noise in industry has been unchanged for many years. Machine shops, textile mills, woodworking shops, and similar industries have been stable from the standpoint of equipment and noise environment. There are some fields, however, such as the development of jet aircraft engines, in which noises too great for man to tolerate have been produced. With attention thus being focused on noise, there has been

a movement recently to re-examine all industry with respect to noise. The tendency to provide compensation for loss of function in occupational disease, without loss of earning power, has also aroused interest in partial hearing loss. It is thus incumbent on industrial managements to recognize this trend, to understand the problems of industrial noise in its compensation and social aspects, and to examine their own operations in the light of these developments.

There are three fundamental ways in which noise can be a problem in industrial plants. These are damage to hearing of exposed personnel, effects on behaviour, and interference with speech communication. All three of these are sources of potential economic loss to any industrial plant management.

Damage to Hearing

In considering the question of possible damage to hearing resulting from excessive noise, it is important to bear in mind that in a medical sense there is a wide variation in degree of impairment of hearing and also that impairment may be either temporary or permanent. Damage may result from single incidents such as explosions, from continuous noise, and from repeated impact noise. In industry, our main interest lies in the continuous type of noise or in repeated impacts which take place relatively frequently throughout a working day.

Some of the effects of such noise exposures are temporary and usually complete recovery results. Of more concern to industry, however, is the possibility of permanent damage to the inner ear. The human hearing mechanism is a very amazing group of organs, partly neural and partly mechanical in response. It is capable of reacting to sound stimuli over a range of about 20 to 16,000 cycles per second, converting these stimuli to impulses to the brain with resulting reactions of pleasure or irritation depending on the nature of the sound. The range of intensities from the least which can be heard to that which produces a ticklish sensation in the ear is a factor of about 1,000,000,000,000. In general it can be stated that this mechanism is capable of handling almost any natural sound without injury. Only man himself has created by such devices as industrial equipment, jet engines, and the tools of war, sources of noise of sufficient intensity to produce permanent damage to hearing.

Such damage may be reversible in its early stages, but long continued exposure to high intensity noise may produce permanent hearing loss. It is a significant fact that if the hearing acuity of an individual is measured during a working day the result will be an evaluation of a combination of the temporary and permanent losses. There is a fairly rapid early recovery from the temporary loss, but there is evidence in

the literature that some additional recovery is attained for a period of several months following removal from a noisy environment. If one is to determine permanent hearing loss, it is essential that an employee be removed from his noise exposure for an extended period of time to assure complete recovery from the temporary loss, leaving only permanent damage to be measured.

The measurement of hearing loss is usually done by means of what is known as a pure tone audiometer. This device measures an individual's threshold of hearing for a series of pure tones, usually ranging from the order of magnitude of 100 cycles per second through 8,000 cycles per second, in steps of one octave. The answer which one obtains from such an evaluation, however, is merely an expression of what one can or cannot hear. In many instances it is impossible to determine the cause of a loss which may be discovered. Thus, it is often impossible to distinguish between the relative contributions of such things as inner ear infection, loss resulting from head injuries, loss resulting from age, and so-called acoustic trauma. It should also be pointed out that results obtained from audiometry are influenced strongly by the environment in which the audiogram is made, the mental attitude and physical condition of the subject, the ability and technique of the examiner, the condition of the equipment, and many other factors of this nature.

The Establishment of a Safe Level

With increasing activity in the study of industrial noise there has been more and more pressure for the establishment of some sort of criterion or level below which exposed personnel will not be injured. The literature contains many guesses at what this level may be, but most of these can be classified as "curbstone opinion". One important fact which has resulted from recent studies is that a single over-all sound level measurement (20 to 10,000 cycles per second) does not provide an adequate basis for the establishment of any criterion or safe noise level. It is becoming increasingly obvious that the noise must be defined in narrower bands to judge its possible impact on the hearing of exposed people. There is at the present time a committee of the American Standards Association working intensively on the problem of attempting to establish a so-called "Damage Risk Criterion" on the basis of octave band levels. This committee is gathering and evaluating all known data relative to the subject and may be expected to reach reliable conclusions. In the meantime we must be extremely careful to avoid being stampeded into premature establishment of noise tolerances based on inadequate data.

Effects on Behaviour

Attempts to evaluate the more complex problem of the effects of noise on behaviour are even more frustrating. Much has been written on

the subject, but few truly valid conclusions can be reached. Attempts have been made to study the effects of noise on fatigue, irritability, and similar psychological factors and to relate these to such things as production, spoilage, absenteeism, and labour turnover. The difficulty in even setting up valid experiments in this field is related primarily to the fact that there are so many constantly changing variables affecting behaviour. Even closely controlled laboratory studies cannot be reproduced under field conditions because in the field new variables such as motivation and morale are introduced. The best that can be said at the moment is that there are tantalizing indications as to the effects of noise on a man's behaviour pattern, but at this time no precise conclusions can be drawn.

Disturbing of neighbours of industrial plants falls into the category of effects on behaviour. Experience has shown that annoyance of the public can have serious consequences. In general, the annoyance depends on the time pattern, frequency, and intensity of the noise, but in most instances the problem becomes acute only during the night when sleep is disturbed. The solution will be found either by quieting the noise source or stopping night operations.

A Hindrance to Effective Communication

It may seem like stressing the obvious to point out that ability to communicate by speech in industrial plants is vitally important to efficient plant operation. Interference with speech is not only annoying but also makes it difficult to give instructions, to train personnel, and even to give warning of danger. In spite of this, it is amazing how much noise in this category is tolerated in industrial plants today. The degree of interference with speech depends upon the masking ability of any particular noise, and the environment in which the speech is taking place. The masking ability is related to many things. The sound intensity, frequency distribution, and noise time pattern (intermittency) are probably the most important factors. In an attempt to evaluate this quality of noise, the term "speech interference level" has been developed. This is defined as a measure of interfering effects of a continuous noise on the ability of two people to converse. The levels are derived from the arithmetic average of sound levels in decibels in the octave bands between 600 and 4800 cycles per second. Obviously the speech interference level will vary considerably with conditions. In a conference room where conversation must be understood at distances up to 10 feet or more in normal voices, a speech interference level (arithmetic average — db 600 — 4800 cps) of 50 decibels might be too high. In an industrial plant where conversation can be carried on at a distance of one foot, for example, a speech interference level of 75 decibels may be perfectly satisfactory.

A general rule of thumb has been developed for determining whether a noise may be a potential problem. If two individuals with normal hearing, not normally exposed to the noise being studied, cannot carry on a conversation at arm's length, in a loud voice, the noise warrants instrument analysis.

The Measurement of Noise

In order to evaluate a noise problem it is necessary to make measurements using not only sound level meters, but also instruments which provide data as to the distribution of the noise by frequency. In all of the effects which have been described — damage to hearing, effects on behaviour, and interference with speech communication — knowing the kind of noise is as important as knowing the amount of noise. Of course at very high intensities frequency distribution is not so important. Of the various types of sound analyzing equipment the most practical at the present time appears to be the octave band analyzer. While more detailed analysis is helpful in the study of individual machines under controlled conditions the extreme complexity of industrial noise makes narrower band analysis somewhat impractical.

The Bases for Analysis

There may be two major reasons for making such an evaluation of a noise problem. These are the determination of the degree of hazard to exposed people and the collection of data to be used for reducing noise. In making such a study it is important to consider not only the noise source but also the effects of other equipment in the area and the possible effects of the building itself.

If noise is a problem it can be controlled only after a careful evaluation of the precise causes of the noise and its relationship to the proper criteria. Management must first decide as a matter of policy whether noise must be reduced for reasons of damage, comfort, or communication. The criteria to be used will vary widely for these three categories. It is wasteful of both time and money to attempt to institute a noise control programme without first evaluating the noise and, secondly, comparing the data obtained in the plant with the proper criterion to ascertain the kind of noise reduction which is needed.

Methods of Control

There are two basic approaches to noise control as far as the environment is concerned. One is general acoustical treatment of walls and ceilings of work areas. This type of treatment is particularly effective in combating many of the annoyances resulting from noise, since reduction of reverberation, or noise which is being reflected from walls and ceilings, will be accomplished. Furthermore, most of the acoustical treat-

ment materials for this purpose are particularly effective above 500 cycles per second, the range of frequencies which are most annoying. It must be borne in mind, however, that such treatment does not provide protection for the operator of a noisy piece of equipment since the noise must pass him before reaching the treated surfaces. Thus, while acoustical treatment may effectively reduce annoyance and help the communication problem, it does not necessarily provide protection for individual machine operators. Furthermore, in order to be effective, this type of treatment must involve an entire work area. Attempts made to provide local acoustical treatment over machines or other noise sources, have proved to be almost wholly ineffectual, because it is impossible to get a sufficient amount of absorbing material in a small space to control most machine noise.

The second and probably least costly way to control industrial noise is to do so at the source. This is true whether the source be a high speed machine, compressed air line, or even hand hammering on metal parts. From the long range point of view, by far the best way to reduce noise in machinery is in its original design. Thus, much of the answer to the machine noise problem must rest with the manufacturers of equipment. While there is a tendency to sit back and say that it is impossible to quiet certain kinds of industrial equipment, the failure to do so has been largely a result of lack of trying. There has been a considerable amount of quieting done in the production of consumer goods because of demand. Noise made by automobiles, refrigerators, and even vacuum cleaners has been reduced, and there is no reason why similar techniques cannot be applied to many kinds of industrial equipment.

Even though manufacturers may ultimately produce quieter machines, we are still faced with the problem of existing noisy equipment in industrial plants. Much of this equipment has many years of useful life left, and, therefore, it would be extremely foolish even to suggest replacement.

It is possible in some instances to attain substantial noise reductions by means of good maintenance and lubrication programmes. It is well to remember that in any machine having moving parts noise is an indication of wear. A strict maintenance and lubrication programme will thus accomplish the dual purpose of reducing noise and increasing the life of the equipment.

Vibration studies of the various parts of industrial machines will indicate the particular parts which are noise sources, those which are transmitting noise through the machine, and those which are acting as loudspeakers to propagate the noise into the work area. If the noise source itself cannot be quieted, it is sometimes possible to reduce noise

transmission through the machine by means of materials which absorb vibration. It may also be possible to change the character of the noise by changing the size and rigidity of the parts which are propagating the noise.

In instances where modification of equipment is not possible, some thought should be given to acoustical enclosure of individual noise sources. To be successful such an enclosure must be very carefully designed as to choice of materials of construction and types of sound absorbing materials and sound barriers. Even the smallest openings in such enclosures may nullify much of the value of the treatment. It is also quite necessary to be able to operate the machine. This poses an interesting dilemma for the engineer who must design an enclosure with a minimum of opening for noise reduction and adequate opening for operation.

If a machine is transmitting vibration to a building structure because of improper mounting, the noise may travel for considerable distances through the building. In general, noise of this type will be of lower frequency because of modification by travel through the building. Noise problems of this type may be created hundreds of feet from the source as a result of such building transmission. Such noise can be controlled by vibration mounting of the offending equipment, by introducing springs or some resilient material such as rubber, cork, or felt between the machine and the building structure. This approach requires careful engineering since the kind of mounting will depend upon such factors as the weight of the machine and the kind of motion which is being transmitted. Such mounting does not necessarily reduce the airborne noise in the vicinity of the source. In some cases it may even increase the exposure to the operator.

In addition to noise reduction in the environment, some relief can be provided by supplying personal protection in the form of ear plugs or ear muffs. Such protection should be used, however, only when it is impossible to provide adequate reduction by engineering methods. It should never be considered as the final solution of any noise problem.

Ear plugs are of five major types—wax-impregnated cotton, soft rubber, hard plastic, a valve type, and individually molded plastic. In addition, ear muffs which cover the outer ear and are held in place by means of a head band are sometimes used, either alone or in very high noise levels in combination with plugs. In general, the protection provided by such devices may be as high as 35 decibels in the bands above 1200 cycles per second and 20 to 25 decibels below 1200 cycles per second. The sound insulation of the different types varies slightly with frequency, but the general kind of protection is about the same.

An ear plug is only as good as its fit. Unless ear plugs are properly inserted before each noise exposure, they will not provide expected sound insulation. It is thus desirable to obtain compliance by selling the ear protection programme to the employees. Policing is practically impossible.

Industry's Part in Future Improvements

It is evident that there are more unanswered questions than valid data on noise and its effects on exposed people. There is, however, a vast amount of research being conducted in all phases of the problem. One of the most important of these is the question of how much noise is safe. The answer can come only from studying people exposed to noise and correlating these studies with the noise environment. This is a difficult and time-consuming procedure and can be accomplished only with the full cooperation of industry management.

Thus management has a dual role in this field. It must recognize the problem and face it in individual plants and it must be prepared to cooperate in studies of exposed people to provide valid criteria against which to evaluate noise exposures. Such action by industry will go far toward bringing order out of much of the confusion about industrial noise and its effects.

What Is Social Credit?

E. C. Manning

After last year's series of provincial elections, which saw the Social Credit Government of Alberta reelected and a new Social Credit Government come into power in British Columbia, the possibilities of a national Social Credit Government were seriously considered in the press. Because of this increased attention given to the party and because of its revolutionary fiscal policies, "The Business Quarterly" felt that its readers would be interested in a statement by Premier Manning of Alberta of the principles and aims of Social Credit, particularly as they might affect the business community.

THE economic objective of Social Credit is the equitable distribution of the plentiful production of modern industry and agriculture without the accompaniment of debt.

The Problems of Distribution of Production

The outbursts that occur from time to time in the industrial world are signs that relations between employers and employees are not entirely harmonious. One party always thinks that it is entitled to a greater return for its actual work, supervision, or investment. It is evident that present distribution through wages, salaries, and dividends based on income and costs is ineffective.

The problem of the past ages has been how to produce plenty. Civilized nations have achieved that objective. In fact, at times the ability to produce abundantly brings other problems. If production is greater than markets can absorb, unemployment results, and the workers who produced this excess wealth are then in want. It is also quite common to find a lack of true prosperity and contentment among the producers and employees in industry even during times of full employment because of the threat of debt. The increasing high cost of living continues to outpace the wages which are admittedly "high" but whose purchasing power shrinks with every wage increase that is obtained.

A Recommended Revision

This problem must be capable of solution. To say that the production of abundance, which we call real wealth, must automatically result

in a financial debt is to deny the meaning of words. We cannot be rich and poor at the same time. Quite evidently there is a discrepancy between our understanding of real wealth and our method of financial accounting when we reckon a real asset as a financial debt, and an exportation of more goods than we receive in exchange as a *favourable* balance of trade. Social Credit would harness finance to realities so that when a kindly Providence rewards the efforts of our farmers with a good crop, they would also enjoy financial prosperity; and when by the exercise of a God-given ingenuity mankind invents power-driven machinery that produces in abundance, then the enjoyment of that abundance would be financially possible to an equitable extent for all people.

Although the Social Credit financial proposals are regarded by those who do not understand them as being almost revolutionary in character, people who do understand them are convinced that the new principles represent the closest approach of mankind's economic ideas to Divine Law.

It should be an easily understood principle that when a company of people, or a province, or a nation, by its combined efforts has produced an abundance for all, every individual in that community should be assured of economic security as long as the abundance lasts. That point must be stressed in order to appeal to the constructive energy of mankind and maintain enthusiastic cooperation in the productive effort.

There is another important factor that must not be overlooked. Production of itself will not ensure prosperity to the producers of real wealth. The factor of financial return must be considered. Social Credit is designed to overcome this inequity in financial distribution.

A Method of Effecting Equitable Distribution

Lack of equity causes friction and disharmony. Consequently, there is only one basis upon which mankind can build a peaceful life — whether in the economic or any other phase — and that is upon the basis of truth. Social Crediters believe that the only way in which people can obtain the results they desire is by following policies which are based upon principles which are sound, just, and true.

First of all we must search out those principles which time and circumstances cannot change. Then we must formulate policies based upon those principles. The next step is to elect men to government who will put those policies into effect without fear or favour. The resulting government action will bring peace, prosperity, and happiness. Government action based on false policies will only bring about the reverse. Consequently, the people of Canada can only obtain the results they

desire when they elect men who base their actions upon the principles of equity and truth. This is where the policy of Social Credit enters into the picture.

The Inadequate Exchange of Labour for Goods or Money

The universally recognized economist, Adam Smith, said, "The sole aim and purpose of production is consumption." The basic truth of that statement has never been successfully challenged. Although no doubt there are many who get pleasure and satisfaction out of the arts of production, these people must secure the means of subsistence before they engage in any productive activity at all. Consequently, the impelling force for production is the absolute necessity to consume in order to live. The incentive to produce wealth, then, is the wish to live well. As the diversities of production increased with the progress of mankind, money was introduced to facilitate the exchange of labour for goods. Satisfaction can only be enjoyed by both parties to such transactions where the exchange is on an equitable basis.

It is clear that our present method is not very effective. The confidence of the people in the fidelity of orthodox finance has been shaken badly.

The orthodox theory that the amount of money distributed as wages, salaries, and dividends during the course of production automatically provides sufficient purchasing power to buy the goods at retail prices can be proven wrong and in practical experience, which is probably the best test, has failed to work. The introduction of labour saving machinery and the mechanism of the issue and withdrawal of financial credit complicates the picture somewhat, but investigation reveals the fact that there is good reason to doubt the truth of the arguments supporting the orthodox theory.

If the principles are wrong, then no matter how good the government may be that applies them, the results will be bad; and that is what we find. Under the present financial system either the people or the nation goes into debt. Various policies may transfer this debt, or a portion of it, from the backs of individuals to the collective back of the nation, but it is still there. In wartime, no matter how much we do not like to admit it, there is a greater measure of economic security for the producers and workers than there is in peacetime.

A Social Credit Remedy

A sensible economy could put an end to that. The plentiful production possible in peacetime would, under a Social Credit technique, be distributed equitably, and it would only be in wartime that there

would be a lessening of that plenty because of the wasteful demands of war. Such prevailing conditions, derived from sound principles and policies, would encourage disapprobation of war and its effects. It is not right that a considerable number of people should enjoy disproportionate prosperity while many others are enduring the agonies of war.

A solution lies in the intelligent reform of our national financial policy so that money and credit will be made the servants instead of the masters of our economy. It requires further the progressive removal of all hindrances to maximum production and to the equitable distribution of the entire output of which Canadian industry is capable.

Early Measures Undertaken

When the Social Credit Government in Alberta came into office in 1935, it devoted itself to finding ways and means of protecting those citizens who had become involved in debt and were in danger of losing their farms and homes. Some conception of the enormity of the problem facing the new Government may be gained from the fact that it came into office when the people were dismayed and frustrated by five years of depression. It not only had to find a way to give the people relief from debt, but also was faced with an empty treasury.

As soon as it tried to implement any measures designed to give the people of Alberta access to their own real credit — the goods and services produced — or even to provide protection from the hardships incurred by the existing orthodox financial policy, it was opposed at every step. A number of legislative acts were passed in the endeavour to put Social Credit policies into effect, but all were disallowed by superior constitutional authority or declared ultra vires of the power of the province. Therefore, the only recourse left to the Alberta Government was to incline its policies as far as possible toward Social Credit principles, while at the same time keeping within legislative restrictions imposed upon it.

The Bill of Rights

The last attempt to introduce a measure of Social Credit by legislation was the passage of the Alberta Bill of Rights Act in 1946. This was prepared in such a way that it would not conflict with the financial laws of the Federal Government and was subjected to the decision of the Supreme Court of Alberta prior to final adoption. That Court decided that one part of the Bill was ultra vires. Upon appeal to the Privy Council, that body declared that the ultra vires portion influenced the remainder, and, therefore, declared that the Bill as a whole was ultra vires of the powers of the province.

The Bill of Rights would have assured to every Albertan a measure of economic security based upon the collective ability of all the people of Alberta to produce and deliver, in sufficient quantities, the goods and services required. The resources of the province were plentiful enough for use by Albertans and for exchange for other goods which could not be produced there.

The first step was to set up a Board of Credit Commissioners empowered to prepare a Capital Assets Account, estimating the economic resources of the province. These included: (a) the natural resources of the province, both developed and undeveloped, (b) buildings, plant, communication and transportation systems, and other public utilities, and (c) the capitalized productive capacity of the people of the province, which, together with the energy and enterprise of its people, represented total human assets. Secondly, all claims on goods and services issued against the capital assets of the province in the form of currency or credit deposits held by the people of Alberta were shown as liabilities.

The Board was then in a similar position to any farmer or businessman who, having made a documentary statement of his assets and liabilities, presents it to his banker with the request for a loan.

The purpose which the Board would have in view, however, differed considerably from that of the private borrower. The private individual would wish to increase his business to provide for its productive success. The Board would want to provide a market for all the goods produced, so that the business would not only produce effectively, but also, through its sales, would succeed financially. In addition, the consumers of the province would benefit. Those who were handicapped by age, physical condition, etc. and who therefore could not be gainfully employed in production could provide an additional market for that production if they had the necessary purchasing power.

From the information contained in the Capital Assets Account, the Board was authorized to ascertain the degree to which credit should be extended to finance the production of wanted goods and services within the productive capacity of the province and to provide ultimate consumers with sufficient purchasing power to buy all the goods for sale in the province. With this information in hand, the Board would authorize the issue of credit certificates, based upon the productivity of the province, to the extent needed.

In total, these would represent the amount of money required to fill the gap between retail prices and the earnings of the people and would be accepted by the banks as security upon which they would grant credits for the benefit of those potential consumers described as coming within

the terms of the Bill: (a) those under 19 years of age, (b) those over 60 years of age, (c) those incapacitated for any reason, and (d) those between 19 and 60 for whom gainful employment was not available.

The amounts appearing on the credit certificates were just sufficient to complete a market for the goods and services that were produced. There would, therefore, be no inflation, and the end sought favoured both producers and consumers alike.

The Basis for the Bill

The basic principle underlying Part Two of the Bill was simple but very important. It was simply that for every dollar's worth of goods produced a corresponding amount of purchasing power must be made available to the consuming public. Within the province the total amount of purchasing power available is dependent on two things: first, on the amount of actual cash or currency, which is something over which the Provincial Government has no jurisdiction, and second, on the amount of credit or "cheque book money". It was with the expansion and control of this second supply of purchasing power that Part Two of the Bill of Rights dealt in detail.

It did not propose that the province should issue any form of script or credit vouchers or certificates to circulate as a provincial medium of exchange. It simply proposed a proper provincial control over the expansion and contraction of credit within the province through the Board, whose main duty would be to see that credit expansion was sufficient to assure that Albertans would at all times have one dollar of purchasing power for every dollar's worth of goods they produced. The new purchasing power thus brought into being would be distributed through the payment of the social security pensions and the other benefits provided under the Bill.

To sum up, the provisions of Part Two of the Bill were concerned mainly with the technical arrangements as between the Board and the credit institutions (banks) operating within the province. So far as the public was concerned, there would have been little or no difference in normal business transactions. It is claimed that at the present time over 90% of today's business is carried out by means of transfers in the bankers' books of the credit deposits against which there are no corresponding reserves of currency. This is effected by the issuance of cheques and similar "orders to pay" with great convenience to all concerned. Under the Alberta Bill of Rights, it was proposed that this system should simply be expanded to the extent necessary to assure at all times a proper balance between the purchasing power of the people and the total price value of all the goods which we can produce.

A Shift in Emphasis

It will be apparent from the foregoing that no one can say with truth that the Government did not try to the extent of its powers in the legislative field to inaugurate the policies it planned. Henceforth the Government devoted its efforts towards economic measures that inclined as far as possible toward Social Credit principles without infringing on areas controlled by higher constitutional authority because of legislation or precedent.

One of the first moves to encourage industrial development within the province had been taken in 1935 in connection with drilling for oil and gas. Although desperately in need of revenue at the time, the Government reduced its royalties in order to encourage this activity because it recognized that only by the development of industry and trade could the necessary investment capital be attracted to the province.

As a result, businessmen were made aware that the Social Credit Government was prepared to treat them fairly because it really believed in individual enterprise. Instead of looking upon the profits of business as something deserving of confiscation, it recognized that by cooperating with private enterprise, it would be able to assist the rapid and efficient development of the natural resources. Incidently, the Government derived its own income from the taxes made possible by the success of private enterprise, and consequently a policy of encouragement and equitable taxation offered the best opportunity for speedy development that would in turn bring benefits to everyone.

The Interim Program

The Government instituted its Interim Program in 1938 to revive trade within the province by providing an additional circulating media for the transfer of goods and services.

The maintenance of a central treasury was within the rights of the province and had always been maintained. Branches and agencies were set up at strategic points to act as savings banks and render other services similar to those usually performed by branch banks. Although people had very little money to save, they could, through the treasury branches, transfer their credit from one account to another without using dollars when buying goods. The use of national currency was thereby economized greatly without introducing a substitute.

The purpose of the Government plan was to husband the use of all demands on national currency, such as grain cheques, etc., which in turn were reserved for possible demands from outside the province, and at the same time to expand the means of exchange within the province.

Some idea of the increase in circulating purchasing power gained on the basis of small actual savings will be obtained by a glance at figures issued by the treasury branches:

	1938-1943	*December 1951*
Total Savings	$ 2,618,217	$ 16,852,030
Total Deposits	11,925,767	32,030,139
Total Turnover	176,055,638	566,000,000

Of course, the goods and services to be exchanged were already in existence, and these transfers of credit were made because of the real demand for the goods. This method involved no interference or change in the existing money system, but did provide an opportunity for enterprising businessmen to secure a market for their goods which, under the restrictive policy of orthodox finance during the depression period, would have been impossible for them to obtain. The right to negotiate loans was severely restricted by the federal law which confines the privilege of the *creation* of financial credit to the chartered banks. Only a fraction of the amount permanently on deposit, therefore, could safely be used by the treasury branches for this purpose. Nevertheless, through the agency of these branches the Government was able to effect a policy of encouragement to Alberta industry. Had they possessed the power and privileges of branch banks, their capacity to bring about a revival in business would have been increased tenfold.

Treasury Branch Activity

At that time the Government hoped to bring about a business revival in Alberta. This system helped it achieve this goal. To those people who entrusted their savings to the treasury branches and who dealt with storekeepers who did so, a bonus of 3% was allowed on all purchases, provided that "Alberta-Made" or "Alberta Processed" goods comprised at least one-third of their total purchases. This bonus was not payable in cash, but took the form of an addition to the transfer voucher deposits and thus increased the purchasing power of the depositor to that extent. It was, in fact, a modified dividend which also reduced the cost of living.

The opportunity that this facility for increased business in the way of purchasing power offered to the enterprising businessman is apparent. The farmers had plenty of goods to exchange, but no money with which to pay their financial obligations. Consequently, any method which enabled them to do business and at the same time obtain a medium of exchange for tax payments, etc. was a great help to them.

All non-negotiable transfer vouchers, marked by the treasury branch at which a person had his account, were accepted by the Provincial

Government for taxes, license fees, royalties, rentals, timber dues, etc.—in fact for any payments due the Provincial Government. This policy also provided the foundation for the development of other natural resources, which was to take place later. Demand, which had been dormant, commenced to become active; and productive enterprise naturally took up the challenge to supply that demand. The result was greater business activity in many lines.

The "real demand" that had always existed was turned into an "effective demand", and goods and services began to flow more freely between producers and consumers. The true law of supply and demand which had been blocked by the restrictive policies of finance again became operative and comparative prosperity began to seep into the fibres of the economic life of the province.

With the advent of war in 1939, and the drastic change from peacetime to wartime financing by the Federal Government, the Alberta Government's policy of paying a bonus to purchasers of Alberta-made goods was thought to be no longer necessary to Alberta's welfare; and, therefore, in order to give undivided support to the national war effort, that phase of activity was dropped. It should be noted, however, that the method of wartime financing adopted by the Federal Government was an example of the truth of the Social Credit contention that any influx of new money will stimulate the demand for goods. Unfortunately, the orthodox financial powers only practise this policy during war or threat of war — and then practise it poorly. It should be possible to find new money for greater peacetime production and consumption through proper credit creation.

The Mechanics of Demand

It is worthwhile to stress at this point that the ever increasing urge which mankind seems to feel for material requirements will always provide a "real demand" upon the productive system. The technical action for which finance should be responsible enables "real demand" to become effective. Such an operation merely requires that the prices generated by an efficient productive system shall be matched by the *income* distributed by a financial system that, in its own way, must be equally efficient. By making total income equal to total prices, one may convert *"real demand"* into *"effective demand"*.

The possession of an ample quantity of purchasing power does not necessarily spell inflation. Automatic and compensatory checks can be devised that will operate absolutely independently of any political influence. For instance, the technique of operating the retail price discount advocated by Social Credit will not only prevent inflation, but also

actually reduce retail prices, even though the amount of money in circulation may be constant. In this way, the purchasing power of every consumer will be increased, with a consequent further demand upon production. Thus there will be no fear of unemployment as long as the consumers have wants to fill and possess the money to make an effective demand for required goods and services.

The Government's Influence in Resource Development

The impetus given by the tax reduction on oil discovery in the pre-war years now began to bear fruit. As a result of wartime financing, especially on the North American continent, a considerable accumulation of savings was available for investment purposes at the close of the war. Those having large sums of risk capital at their disposal not only were looking for a favourable location, but in addition wanted a place where there was a government in office that would give them a fair run for their money. They could not afford to undertake the risk of confiscation by legislation after risking their capital against nature in discovery ventures. Having confidence in the Social Credit belief in individual enterprise and also recognizing that the people of the province were morally entitled to share in whatever benefits might accrue from the successful discovery of unknown natural resources, the oil companies were quite willing to submit to the fair supervisory and taxing regulations of the Alberta Government.

Before the end of the war, the oil interests had already expended over $145 million in the Province of Alberta, the major portion of this with very little success. However, the discovery at Leduc in 1947 provided the necessary encouragement. At that time there were only 15 geophysical crews operating in the province. There are now 10 times as many and the number of producing wells has increased to 3,700 with a recognized controlled capacity of 300,000 barrels per day of crude oil. This is restricted to 200,000 barrels per day at present because of a lack of the necessary transport facilities to the waiting markets. Since 1948 Alberta's oil production has increased to a point where the province is now supplying the three prairie provinces with their total requirements and is also exporting enough to supply approximately one-third of Ontario's requirements. In addition a pipeline is being laid from Edmonton to Vancouver that will have a carrying capacity when complete of 120,000 barrels daily.

Alberta has not adopted a dog-in-the-manger attitude with regard to its oil resources. After making provision for its own citizens, its policy is to administer its regulations so that the production of Alberta oil shall result in the greatest possible economic benefit to all Canadians first, and after that, to all friendly peoples. The philosophy and policy

of Social Credit allow the true law of supply and demand to function so that when supply is plentiful, there shall be no restriction and no want.

It is the Social Crediters' policy to remove those restrictions, in which they do not believe, which are forced upon the productive economy by the tyranny of monopoly finance. Until that can be done those who are charged with governmental responsibility must, in the interests of their people, make the best possible use of whatever financial resources are available from the orthodox source. This is what the Alberta Government has been doing.

Efforts were made as long ago as 1939 to interest particularly British capital in the development of Alberta oil. The Minister of Mines and Minerals, the Honorable N. E. Tanner, made a special trip to England for this purpose, but was not successful in inducing the investment of any considerable amount of money in Alberta at that time. Had the British people accepted the offer, and had they entered the market in its primary stages as did American interests, it is easy to see, at this date, how Britain's financial ability to buy Canadian agricultural products would have been considerably improved. The large oil interests in the United States were glad to take advantage of the opportunity to invest in the possibilities of Alberta oil under the terms imposed by the Alberta Government, and as a result, a steadily increasing flow of capital from the United States has been coming into Alberta.

However, no one should assume from this that the oil resources of Alberta have been sold out to American financial interests. None of the natural resources of Alberta have been "given away" or even sold. The resources of Alberta are still owned by the people of Alberta and are being developed by individual enterprise, under the supervision of the Government, in a manner that will bring a fair share of the benefits to all the people of the province.

Canada's Financial Handicap

Nevertheless, civilization is working under a great handicap, and that handicap must be removed before the people of Alberta — or Canada — or the World — can enjoy that prosperity-in-tranquillity which the bountiful gifts of a beneficient Creator should enable us to enjoy. That handicap is the restrictive effects of a financial monopoly that refuses to finance the arts of peace as freely as it finances the art of war.

It is ridiculous to have to admit that a nation like Canada, which is producing in abundance for its own people and enjoying prosperity,

can be plunged into a depression simply because some other nation refuses to buy as much of our surplus as formerly. Our first national step should be to maintain the purchasing power of our own people at a level that is sufficient to buy up all our own production. That is a national problem that Canada has the power to solve by herself. If that is done, there will be sufficient Canadian purchasing power to buy "foreign" goods imported in trade for Canadian exports.

Happy indeed would be the position of Canadian businessmen if they could be sure that there was sufficient available purchasing power equitably distributed so that the consumers of Canada could buy the total production of consumable goods produced in Canada without being forced to use the instalment system. They could then be sure that there would be a market, not only for that portion of Canadian production which Canadian consumers wished to buy, but also for the imports which Canadian people would be glad to accept in order to balance the value of their exports.

It is just as necessary to have a proper balance of trade in the international sphere as it is to have a self-liquidating economy within the national sphere, if nations and people are to keep out of debt and avoid economic strife.

A Program for Action

We must, of course, set our own house in order first, before we are able to cope with the international situation effectively. If Canada can balance her own economy so that the people of Canada receive sufficient purchasing power to enable them to buy the total amount of consumable goods they have produced, without going into debt, we shall have provided the first step. The national income must be distributed, not necessarily equally, but equitably, so that those who are handicapped by old age, ill health, or physical or mental disability will be sure to receive the necessities and some of the comforts of life as a right and in a way compatible with human dignity — and in entire accordance with the productive capacity of the whole nation.

Canada can do these things without confiscating large portions of the incomes of those whose energies contribute to and make our surplus production possible. The fulfilling of the services mentioned will be taken directly out of *production,* not collected by heavy taxation of earned incomes.

Whatever stage our production reaches, it should be the responsibility of government to see that our people receive sufficient purchasing power to buy it without going into debt. Private enterprise will ensure

sufficient production if the people have the purchasing power to provide the market.

> "Social Credit is not based on any confiscation scheme by which we take the wealth of the well-to-do to give to the poor. Social Credit recognizes individual enterprise and individual ownership, but it prevents wildcat exploitation of the consumer through the medium of enormously excessive spreads in price for the purpose of giving exorbitant profits or paying high dividends on pyramids of watered stock."

> "People who have bank deposits or insurance policies with cash surrender value need not be alarmed in any way. There will be no confiscation or demand made upon the citizens for these, or for bonds, or bank deposits that they already hold. Neither shall there be any interference with the right of the citizens to bequeath or leave their property, real or personal, to any one to whom they desire to leave them."

It may be a surprise to many to know that the words of the two previous paragraphs are a quotation from the writings of the late William Aberhart, who led the Social Credit party into power in Alberta in 1935. There has been no change in the objectives of the Social Credit Government of Alberta since its beginning.

A Restatement of Policy

The purpose of Social Credit is to restore those freedoms which are based on the principles of truth and equity by decentralizing the power and policy of finance so that it will *serve* the people instead of dominating them. Until the right to do so is obtained constitutionally, Social Crediters will obey the existing regulations.

When the constitutional right to do so has been achieved, the regulations under which financial policy operates will be changed to have finance serve the true law of supply and demand. When the results of such a change in policy become manifest, the people will recognize them as those for which they have been waiting.

While allowing freedom of individual enterprise, the Government of Alberta has tried to be most careful that the inherent rights of the people of Alberta to a fair share of the benefits from the development of their natural resources shall be observed and made effective.

The following comparison shows how the people of Alberta have been relieved of the taxation burden since the Social Credit Government was elected in 1935:

Alberta Taxes Purely Provincial	*Per Capita*	*Percent of Revenue*	*Alberta Income*
March 1936 — $ 5,432,527	7.8	32.78	$200,000,000
March 1948 — 13,142,306	16.36	24.26	844,000,000
March 1950 — 15,168,939	17.64	12.83	907,000,000

It is apparent from these figures that while taxation per capita has increased, that increase is much less than the increase in the prices received by primary producers, or in income in general. In addition, the percentage of taxation as compared to revenue is only approximately two-fifths of what it was in 1936.

The charges on the provincial debt took 51% of current revenue on income account in 1936 to pay interest alone. It now takes less than 5% of revenue to retire the annual payments of both principle and interest.

The businessmen of this generation are fast approaching the conviction that the possible superabundance of this age of plenty cannot be financed within the limitation of a less productive past. If such were the case, our financial requirements would be no greater than those of fifty years ago. However, it is not; we are expanding, and expansion of new wealth requires the expansion of financial credit on equitable terms. Only by so doing will our businessmen find an adequate and effective demand for the wealth of goods which their efforts can produce.

Design For Offices

George Englesmith

It takes five years to train an architect. Then, during apprenticeship, he enlarges on what he learned in university and sees theory realized in practice. Following this, perhaps on his own account, he solidifies his convictions through experience and acquires new knowledge. He is finally concerned with the more mature concepts of design and the business considerations of practice and may well begin widening his field of operations. Mr. Englesmith adds, "I suspect that the next five years must be concerned with how to win friends and influence people. . . ."

Our author's first five years in Canada, beginning 1946, were devoted jointly to bringing modern design concepts into the University of Toronto School of Architecture and to organizing professional and promotional activities in the related field of industrial design on behalf of the businessmen and designers in industry. We hope to hear from him concerning the latter subject in a later issue of "The Quarterly". Meanwhile, he feels well advised "not to make the mistake of the new curate who attempted to sum up Christianity in one sermon and had nothing to say the following Sunday". He therefore asks "Quarterly" readers to consider the value of design in one of the most important aspects of business — their offices.

FEW businessmen worthy of this distinction today regard the office as an entirely unproductive unit. In the highly competitive world in which we operate, sales promotion, merchandising, and other forms of public relations have become an essential means of retaining and expanding business. No less important is the increasing need for happy and cooperative relations between the various strata and members of a firm. The integrity of the design of your offices, as well as that of the stationery and other literature emanating from them, creates a very lasting impression on the people with whom you do business. Each is subject to the human reactions of which the architect and industrial designer are aware. These may be termed environment and presentation.

Hal Tracey observed the following in his recent article on this subject in *Saturday Night*[1]: "The new concept combines functionalism and decorative design and has given rise to a new breed of men called

[1]November 8, 1952.

architect-designers. They know how to achieve the utmost in pleasing effects and to blend them with the requisites of better lighting, more space, and greater efficiency in the use of that space required by today's businessman." Indeed, four such architect-designers were called in to design the four great conference rooms of perhaps the world's greatest business concern, the United Nations.

The Position and Function of the Architect-Designer

This now established trend is a stage or two beyond the natural limitations of the rather superficial art of the decorator and the somewhat mundane efforts of building and furnishing contractors. These three are meant to function, in fact, under the direction of an architect-designer. Often for the same end-expenditure, the architect-designer coordinates these three services with over-all attributes of imaginative utility. His architectural experience covers the more advanced aspects of lighting, plumbing, accoustics, air conditioning, communications, materials, and a more permanent regard for the various types of furniture and equipment. Having no vested interests in "moving" a particular item, he alone is able to solve particular problems of businessmen in the best way.

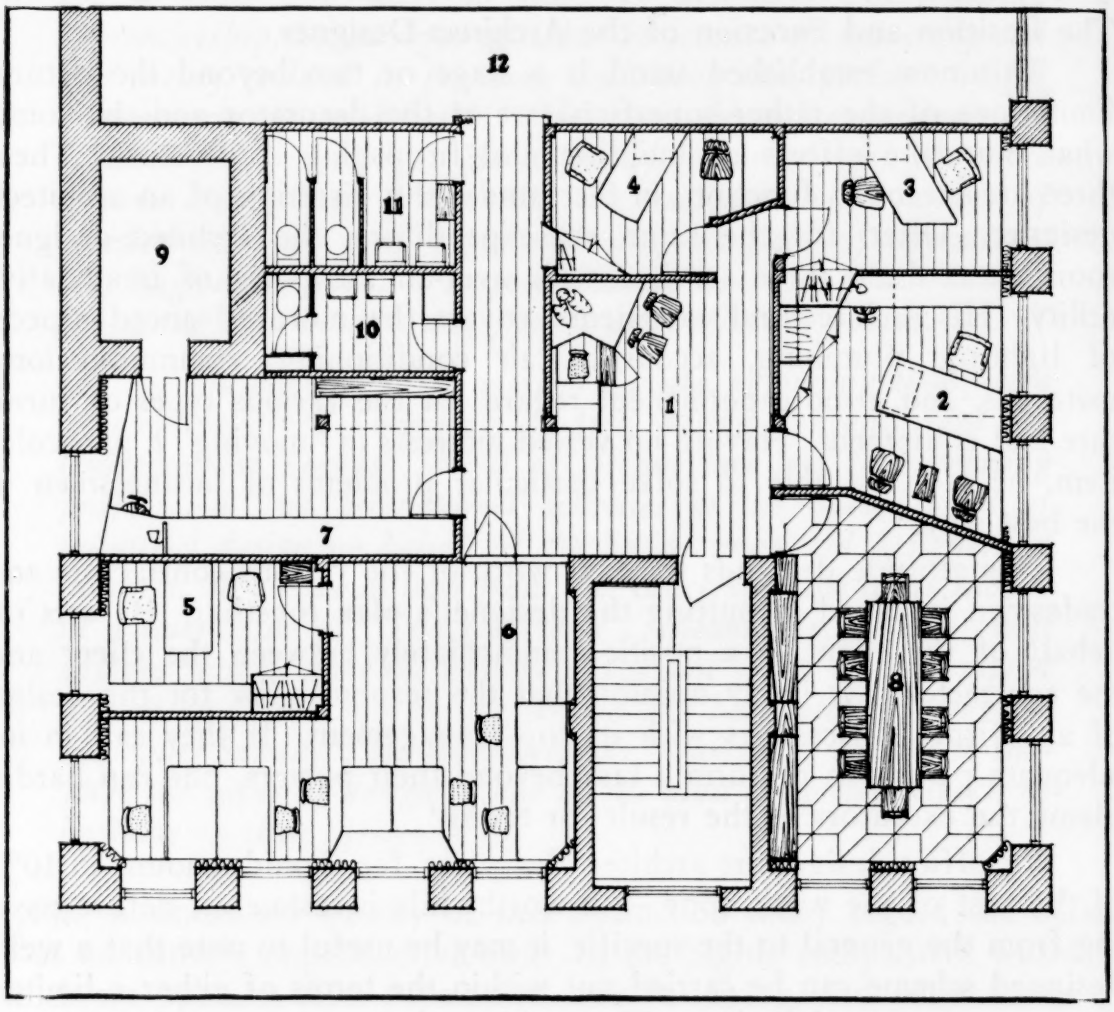
This attitude demands the best work of the various contractors and tradesmen involved in putting the designer's plan together. He acts on behalf of the client in a position immediately between the client and the contractors. It is my opinion that the responsibility for the design of any firm's offices lies with its top management. If they call in inadequate people to perform a task beyond their powers, one can hardly blame the executors of the result for trying!

For office design, the architect-designers' fee should amount to 10% of the cost of the work done — a worthwhile investment. Before passing from the general to the specific, it may be useful to note that a well-designed scheme can be carried out within the terms of either a limited or a more generous budget. The architect-designer's ingenuity actually becomes an asset in the case of closely budgeted projects. He gives taste, order, and form to the economical programme, and, by these same attributes, prevents the luxurious from becoming vulgar or ostentatious. Whereas it is naturally more pleasant to work with ample funds, probably most will want proof of the economical situation. Therefore, I have elected to illustrate this type of programme by describing the executive offices of the well-known Canadian typographers, Cooper & Beatty, Limited, Toronto.

The appended drawings show the floor plan and perspective view of this office. In addition, six photographs of the finished scheme were published in the June 1952 *Business Management* and *Board of Trade Journal* (Toronto) and in five other publications. Canadian Pittsburgh Industries also prepared nineteen coloured slides of the offices.

The Plan

One initial function of the architect-designer is to act as consultant regarding the office requirements of a design programme, if possible, before he begins work on the first stage of the finished design — the plan.



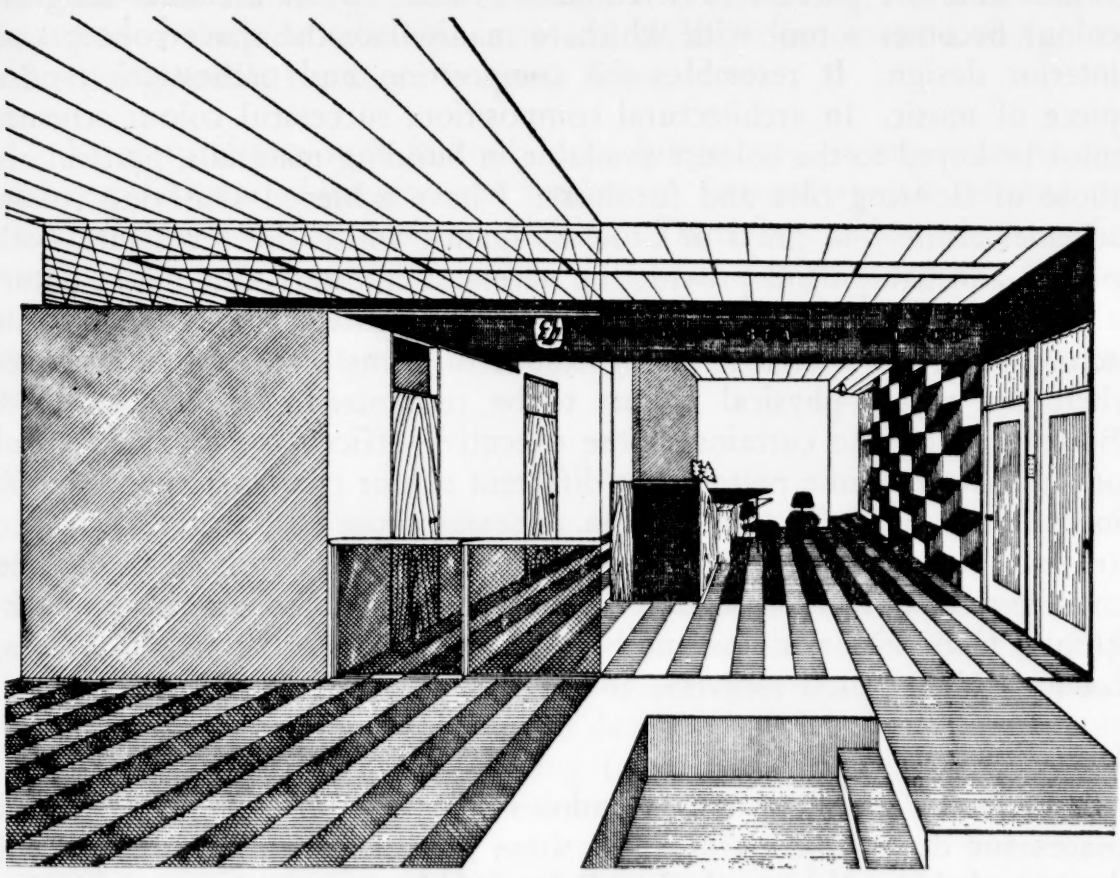
Plan of Office Layout—New executive offices of Cooper & Beatty, Limited, Toronto, by the author. (1) reception area; (2) President's office; (3) Vice-President's office; (4) Manager's office; (5) Treasurer's office; (6) general office; (7) stores, including auditor's desk and cloakroom for general office; (8) conference—library—lecture room; (9) vault; (10) women's washroom; (11) men's washroom; (12) third floor of plant.

The plan shown is simply a two-dimensional diagram showing the best use of the floor area, having regard for the many considerations which follow later. These are indicated on a working drawing plan which contains notes and dimensions as instructions to the contractor and various sub-contractors involved. Planning itself is primarily a matter of zoning and circulation. It involves determining the function and relative value of the various activities which take place in the office and disposing them in the most convenient and effective way in order to realize a minimum of space-loss and steps. Designed, it becomes more

than a mere time and motion analysis. The use of coloured pencils in plans points out the particular function of each element of the plan.

In the office design illustrated, I picked up this zoning-circulation theme in the colours of the nine-inch wide rows of floor tiles: common passages, storage space, and washrooms are in yellow and gray stripes; the reception area and top-management offices have black and gray stripes; and the treasurer's office and general office area are in brown and gray; for the conference room I mixed black, brown, and gray to create an interesting original third-dimensional effect.

It will be seen that the switchboard operator-receptionist has a commanding view of the offices and can direct visitors easily. The President has quick access to the entrance and conference room. When the doors are open, he can see the Treasurer. The Treasurer, as chief accountant, chose his position in the general office zone, with ready access to the stores, auditor, and vault. The washrooms are placed in a location which is convenient for most users. From time to time, craftsmen from the plant at the rear (which is connected by elevator to two other floors) may pass through the executive office area with a minimum of distraction. A future dumb-waiter adjacent to the vault is planned.



Cut-away view of Reception Area—New executive offices of Cooper & Beatty, Limited, Toronto.

Lighting

Flush fluorescent lighting fixtures, fitting in neatly with the grid of the new "Random Pattern" accoustic tile ceiling, provide scientifically designed illumination which was checked with the electrical contractors. The ceiling height of ten feet suited both illumination and accoustical considerations, as well as the space-scale requirements of the areas. In purposeful places, spotlights are provided, and in the smaller executive offices, decorative and functional copper incandescent pendants. The auditor's spotlight also serves to spotlight the vault door overnight. The washrooms are lighted by means of incandescent fixtures, and the ceiling height there was reduced to eight feet. The best use is also made of daylight, which can be reduced on over-bright days by simply drawing the curtains which hang to the sills from a recessed track at the edge of the ceiling.

Colour

It is not difficult to become a colour "expert" by using the formulae of Ostwald, or better still, Munsell, and to design a colour scheme that works in theory and often in practice, if conditions are favourable. However, every mature artist will tell you that he has developed a colour-palette and knows that space-patterns are the true measure of colour values and the success of a colour-scheme. To an architect-designer, colour becomes a tool with which to manipulate the space concepts of interior design. It resembles the composition and orchestration of a piece of music. In architectural composition, successful colour schemes must be keyed to the colours available in building materials, particularly those of flooring tiles and furniture. I have achieved satisfying colour schemes entirely in grays or browns, against which the occupants, both people and equipment, provide the necessary interest. One mutes naturally brightest walls, and, with colour, brightens dark walls, thus accentuating the design by using colour in terms of planes. Sometimes there are psycho-physical factors to be recognized. In the Cooper & Beatty offices, the curtains in the executive offices and in the general office have the same pattern but different colour combinations. Colours in the executive offices are warm, whereas those in the general office are cool and refreshing. Generally speaking, colour in offices should be considered mainly as a medium for manipulating light in terms of background hues with perhaps one bright focal point in the reception area, for example.

Heating

Perimeter radiators under windows often conflict with the preferred places for desks and machines. I solve this by covering radiators and the rest of the wall beneath the sill level with a continuous surface of a perforated material such as tempered masonite. This, with asbestos-

aluminum reflectors directly over the radiators, deflects and spreads the escaping heat over a longer and much more effective space. There are no hot areas. This was done in the offices illustrated, although there is future provision in the dropped ceiling for air-conditioning ducts and ceiling outlets. This system, of course, heats in winter and cools in summer, without inhibiting the requirements of furniture grouping.

Furniture and Fittings

I can remember when it was possible to find ready-made furniture that was more appropriate to an old-style theatrical director's suite than to a modern business office, where well-designed efficiency is sought. Then, many enlightened clients let us design their office furniture, which was custom-made — and perhaps copied later as a mass-produced article! Today office furniture of improved designs is available in the stores. A good stenographer's chair is designed with almost the same care as that of the fighter-pilot. We are swamped with catalogues of all types. Oddly enough, it is still sometimes more suitable and economical to use a combination of built-in and ready-made furniture and closets. Perhaps not unnaturally, my firm is retained by some furniture industries for their designs. Office design also includes some communication and filing equipment and machines that vary with each business; these can hardly be dealt with under a general heading. It is intriguing, nevertheless, to be asked to include television sets and slide projectors in a design as advertising media for some business firms.

Door furniture, such as knob-locks, hinges, etc., is important to the architect-designer. Likewise, the washroom fixtures are all selected on the form plus function basis of thinking. There is a wide variety on the market, but only a limited number lie in our design category. Sooner or later the trades follow our trends. This interest in performance plus appearance relieves us of a lot of pressure from the over-styled gadget salesmen.

Space

This seemingly inexpensive item is actually one of the most important elements in your office and in most cases is deplorably abused. It takes an advanced quality of thinking to integrate the three-dimensional aspects of an office's volume, with due consideration for light, sound, heat, colour, furniture, and the various activities that must take place within it. It is even more difficult to describe in brief terms than colour. Nevertheless, it is often the deciding factor in the success or failure of any one of these factors! No colour expert, for instance, can cure a space problem that is really in need of a surgical operation. Even when conditions are favourable, a clever manipulation of space by an architect-designer will make all the difference between an ordinary and an interest-

ing office. Savings in lighting and other maintenance costs can be increased, and the use of multi-purpose units and ingenious planning can, in effect, add greatly to an office space that was thought to be somewhat restricted. The optical values of perspective, with raking walls, curves, and different floor and ceiling levels, are tools in the hands of an architect-designer that can make a successful design out of practically any situation.

Notice the President's office on the illustrated plan, or, better still, visit it. The visitor enters his office from the reception area and finds himself under an eight-foot ceiling. The President's desk is angled to face him, and visitors' chairs are at hand to his right. To his immediate left a storage wall contains space for coats, etc. The ceiling over the President's half of the room is ten feet high, and the desk is over six feet long to accommodate drawings. Another surface over the built-in cabinets behind the desk has a spotlight for close study. The window has deep sills for telephones and other communication instruments. From his swivel chair, the President can reach the low cabinets behind him as easily as he can the standard steel filing cabinet that serves as drawers under his otherwise open desk. The unit of the triangular storage wall farthest from the door opens into the next office. These features provide a simple grandeur without a scrap of waste, with no fuss, and with a truly streamlined office character.

Again, space-wise, the low wall to the storage area permits the lighting to extend, uninterrupted, over it with the flow of an extended ceiling area. Even the gate of expanded metal facilitates this flow of space. The reader may notice other points, an analysis of which space cannot permit.

The Architect-Designer's Indirect Influence

In the above sections, I have referred to the fact that designs for custom-made furniture created by architect-designers for individual clients often have been adopted later for mass production. Similarly, their choice of ready-made furniture and fittings has a profound effect on manufacturers' product lines and is a healthy stimulus towards improved designs. In these two ways this group can exert a wide and significant indirect influence on the type of equipment available to industrial, business, and household consumers and undoubtedly, as a consequence, on the artistic taste of these purchasers. The latter influence may be strengthened by the impact on the general public of the results of the architect-designers' comprehensive policies for certain firms.

It is therefore important that high calibre men be encouraged in a field such as this, in which they can command such a profound effect.

The Value of Professional Advice

Businessmen should retain a high level of design advice not only to effect a specific project but also to enable the integration of the design character of similar architectural problems of office and display design throughout their businesses, in the different places and at the many times they become needed. Your architect-designer does not stop with the activities outlined above, but also is concerned with such problems as the design of lettering, signs, and later additions which should be kept in character with the initial design. These details are as important to a designer as your diet and allergies are to your physician. This concern for detail came naturally with my typographer-client, whose office is illustrated here, but it is in office design that the modern contribution of architectural and advertising design meet in the service of the progressive businessman who is planning for tomorrow.

If I appear to challenge the businessman here to meet these ideas, at least half-way, may I add that to do each job as thoroughly as the one shown here, and to the principles described, is an equally challenging demand on the architect-designer. Nevertheless, it is one for which we are trained to cope.

Planned Retail Development

K. W. Walter

During recent years a trend in Canadian suburban expansion similar to that experienced in the United States is gathering increasing momentum. In this article, Dr. Walter outlines the reasons for such a shift, the origin of the movement, forms of shopping centres, types of goods offered, and planned locations for retail outlets, with references to pioneering centres already established in some of our larger metropolitan areas.

PLANNED retail distribution is a subject which warrants much consideration by the management of any firm interested in the best possible locations for retail outlets in urban areas. As the urban retail picture is constantly changing with a shifting population and new trade patterns, it is imperative that we keep pace with these changes by continually analyzing the retail structures of large cities. This article discusses some of the general reasons for the increasing emphasis on shopping centres and outlines the forms they take. Also, it classifies retail establishments and concludes with some suggested methods of locating retail outlets. It does not deal with the downtown business district.

The Trend Towards Outlying Shopping Centres

Illustrating the trend for more people to come to the cities, the latest census shows that one-third of Canada's population lives in the ten largest metropolitan areas. In Toronto, for example, there are almost as many people living in the suburbs as in the corporate city. This experience is similar to that of larger cities in the United States, such as Boston and Pittsburgh, where more than a million people live in the suburbs. Decentralization has had an important effect on retailing, as the people are no longer served only by the central business district, but are purchasing more and more in shopping centres throughout the entire metropolitan area.

As these shopping centres become more firmly entrenched in our economy, with the rapid growth of population in the periphery of the city, they will account for a good share of retail trade. For instance, in Philadelphia, a study conducted by the United States Government disclosed that sixty-three percent of all the retail business was done in shop-

ping centres, and in Chicago, forty-five percent. Similar percentages are likely appropriate for cities like Montreal and Toronto.

These shopping centres usually have ten or more contiguous stores. The most important reason for the existence of shopping centres is convenience of purchasing near home. The neighbourhood population must be able to reach the centres by the main thoroughfares of the district or by important secondary streets. Often the shopping centres are focal points for public transportation routes for their tributary area. Sometimes the lack of fast transportation, other than by automobile, from the new residential areas to the downtown district benefits the suburban shopping centre.

Forms of Shopping Centres

All shopping centres are not developed in the same mold. The retail structure pattern in a large metropolitan area consists of combinations and variations of two basic conformations or general forms of shopping centres. These two forms are: axial and nuclear.

The axial form is variously called "business street", "business thoroughfare", and "string-street". In Toronto, Yonge, Queen, and Bloor are examples of this form of business thoroughfare. The axial street, often leading from the downtown business district, has retail establishments along the length of the traffic artery, unless prohibited by restrictive zoning, and retail business seldom extends along intersecting streets. Where there is a concentrated residential population surrounding the thoroughfare, retail establishments specializing in convenience goods such as groceries and drugs are erected to serve the population.

In general, along a business street there is a chain of minor centres, and then, at intervals, a major centre appears where another important thoroughfare crosses the artery under consideration. An example of a major centre of this category is the Toronto Bloor and Yonge area. This centre is notable also because of the preponderance of retail establishments of the equivalent calibre of the larger departmental stores in the downtown central business district. The fact that a number of exclusive downtown stores have branches in centres of this type emphasizes the widespread effect of decentralization of retailing and increasing importance of shopping centres for merchandising of all classes of goods.

The nuclear form of shopping centre consists of a clustering of retail establishments at an important intersection of two or more thoroughfares. The retail business emanates from the main intersection along a number of converging streets. This shopping centre form differs

from the axial form, then, in having business establishments along the cross-streets. This type of centre is mainly in older cities of this continent, often where uneven terrain has forced retail establishments to cluster, rather than spread along the length of an important traffic artery. Because of the convergence of more business streets the resultant nuclear cluster is often more highly developed in retail trade than the shopping centres along string-streets. Usually, a nuclear business cluster can be rated as a major shopping centre with all its services such as bank, theatre, post office, jewelry store, five-and-ten variety store, men's wear and ladies' wear establishments, etc.

A further refinement of the nuclear form is the planned shopping centre. These are becoming increasingly popular in larger cities of North America. Planned centres are usually on at least one busy thoroughfare, but are sometimes at a crossroads of two main thoroughfares. Last year in Toronto, for instance, the first major planned shopping centre was opened in the Leaside section of Toronto and is the forerunner of several similar developments to be built in metropolitan Toronto in the next few years. This centre, planned as a unit, is owned by a corporation which leased many of the stores to leading chain retailers, and some branches of downtown stores. Built at the intersection of two important traffic arteries, Eglinton Avenue and Bayview Avenue, this centre stresses the advantages of having complete retail service with free automobile parking space on paved lots for over six hundred cars. Occupying frontage equal to more than two city blocks, the retail establishments adjoin each other in a continuous building. These stores include drug, dry cleaner, bank, ladies' wear, bakery, five-and-ten variety, news store, barber, grocery super-market, shoe store, ladies' and children's wear, furniture, hardware, men's wear, gift shop, beautician, florist, linens, fabric, shoe repair, delicatessen and restaurant outlets. Also, on the other corners of this intersection are two gasoline service stations, another grocery super-market, and a new automobile agency.

There are certain conditions which make this planned centre so profitable. The location on two busy traffic arteries provides easy access for automobile owners. It is surrounded by middle and upper-class economic neighbourhoods. The customers appreciate the advantage of obtaining all their purchases within a short distance of their cars. Zoning restrictions have added to the value of the location because there are no retail establishments allowed north on Bayview Avenue for over two miles. Furthermore, the residential area from which this Sunnybrook centre draws its trade is a comparatively new section with the northern parts still expanding with high-priced homes. An additional sales feature is the store hours, as on Friday nights this centre is open

until nine o'clock, and many families do their weekly shopping then. Also, people from other residential areas come to shop at this centre.

The following factors must be considered in locating a planned shopping centre: convenience of location, good traffic arteries leading to the site, higher-than-average-income customers living nearby, residential neighbourhood on the upsurge of growth, restrictive zoning providing a semi-monopoly position, and ample space for off-street parking. In connection with the latter, it is significant to note that "ample space" implies the provision of accomodation for customers' cars at peak hours (e.g., Friday evenings) and that such space has no alternative use during other periods. With centres of this type, the drawing power is greater than that of similar shopping centres which have developed in the traditional way along a business thoroughfare or at the junction of several converging streets.

Retail establishments have a definite affinity, and there is a pattern which most shopping centres follow. If there is a theatre, there is likely a candy store or restaurant nearby. Whereas drug stores, hardware stores, auto accessory stores, upholsterers, and florists do not like to be too near competitors of their own type, women's wear shops thrive when in a group as greater selection of purchases entices more customers. Similarly, five-and-ten cent variety stores (e.g., London, Ontario) and grocery super-markets find that there is mutual benefit in greater customer attraction. It is customary to find gasoline service stations at the edge of shopping centres as these establishments require more street frontage than many of the other retail stores.

The Origin and Development of Shopping Centres

Many shopping centres, especially older centres, like Topsy, "just growed". Outlets were established to meet the needs of the surrounding areas or to satisfy the pleasures of their owners. The possibility of mutual benefit or the observation of success experienced by the "pioneer" often gradually attracted other stores in a haphazard manner. This is often the case even today, when a store, sometimes a large branch outlet, is located apart from customary centres. An example of such a leader is the new Simpsons-Sears store in the Burnaby Heights section of Vancouver. Such independent activity, of course, may be restricted by municipal zoning by-laws.

Zoning, on the other hand, can *encourage* the development of new shopping areas. Some cities restrict commercial expansion to certain key streets and certain definite areas. Thus the resulting shopping centres, such as the Eglinton area in Toronto, are semi-planned.

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Since 1940 and the end of the war, community planning has modified and changed the pattern of shopping centre development. In many cases, only a limited number of stores may enter individual centres, but these enjoy a semi-monopoly position. This is inconvenient for non-participants. Such centres are often founded by individual businessmen who build the centres and promote the rental of space within them. It is interesting to note that, in some instances, rents are based on a percentage of sales. Sometimes corporations are formed to establish such centres. Secondly, community shopping areas may originate in the plans of subdividers, as convenient shopping facilities add to the value of land for residential sale and provision for them represents a service to prospective buyers. Finally, they may be created by groups of chain store owners or holding companies who collaborate to establish a group of complementary retail outlets to exploit the buying power of new areas to their mutual benefit. Examples of community shopping centres are the Sunnybrook centre and Winnipeg's Wildwood centre.

Recently a further refinement has been introduced. Some regional centres are established midway between two prospective markets and pull customers from both. Just as a large town serves the shopping needs of adjacent smaller communities, so such a centre can serve a group of suburban areas. West Vancouver's centre, which includes a large Woodward's department store, draws customers from other areas, and the purchase of the Hamilton Jockey Club grounds for a similar centre has been announced recently.

A corollary of the part chains play in the development of shopping centres involves the mutual stimulation aroused by the centres and the chains. We have stated that chains may influence the success of the former. A centre in Thorncrest Village has experienced considerable difficulty because it has not received the support of major chain organizations, whereas in other cases the introduction of branch stores has a snowballing effect, as drawing power lies in a skilful combination of such outlets. On the other hand, the centres in turn aid the development of standard chains — a significant trend in today's retail pattern.

Classification of Retail Establishments

There are three general classes of retail establishments. The two main types of stores which carry goods sold at retail are convenience goods stores and shopping goods stores. The other class of retail establishment is the service establishment.

Convenience goods establishments are usually small concerns with a small investment, depending on a rapid turnover of standard-priced goods. Their customers come from a short radius, usually within a half-mile.

A large investment is required in a shopping goods store, as turnover is slower and goods are not standardized. However, a higher mark-up and greater profit are realized on the articles sold. Sometimes original designs are regarded as premium items. Such a store draws its trade from a large radius, and its clientele may come from anywhere in the metropolitan area. Customers are encouraged, through advertising, to travel longer distances for their purchases.

In service establishments, work is done on goods or on people. Recreational services are also included in this group.

Immediacy of the need, desire for comparison, frequency of purchase, patronage preference, process of selection, and postponability distinguish shopping goods from convenience goods. Weight, perishability, bulk, and fragility determine whether the product will be purchased nearer home or farther away.

Convenience is definitely the greatest selling feature of shopping centres of a large city, and staples are predominant. The use of the car suggests that family-type goods may be successfully offered in some cases. Large inventories of shopping goods are not frequently carried, as similar stores often are not available for comparison purposes. Some of the branches of major concerns avoid this problem by offering a limited range of styles, colours, sizes, etc., but at the same time maintaining a quick and efficient delivery service connected with their main downtown stores.

A comprehensive study of the retail structure of metropolitan Boston illustrates the multiplicity of types of retail establishments in shopping centres. This city, with twice the population of metropolitan Toronto, has four hundred and eighteen shopping centres. These centres range in size from ten stores to over eight hundred. Altogether in these shopping centres there were nearly twenty-six thousand retail establishments. The number and variety of retail types of these shopping centres increase proportionally to the size of the centre. In general, the percentage of convenience goods stores decreases as the size of the centre increases, and the number of shopping goods establishments increases with the larger shopping centres. The number of convenience goods establishments plus the number of shopping goods establishments approximately equals the number of service establishments in these shopping centres.

As the retail structural pattern of all North American cities is quite similar, it is believed that larger Canadian cities have the same complexity of retail establishments as does Boston. This Boston analysis tabulated one hundred and seventy-two different types of retail estab-

lishments. Some of these establishments recur more often than others — in fact, four types comprise approximately one-quarter of all the stores. These retail establishments are given in order of recurrence, with the percentage each type is of the total number of establishments in all the shopping centres:

Type of Outlet	*Percentage of Total*	*Type of Outlet*	*Percentage of Total*
Grocery:	8.6%	Plumber	1.1%
Independent	5.9%	Furniture	1.0
Chain	1.3	Electric Appliance Repair	1.0
Independent (with a meat department)	.8	Family Shoes	.9
Chain (with a meat departm't)	.6	Men's Wear	.9
Restaurant	6.4	Undertaker	.9
Barber	5.0	Five-and-Ten Cent Variety	.9
Dry Cleaner	4.0	Delicatessen	.8
Gasoline Station	3.6	Jeweler	.8
Drug	3.3	Gift Shop	.8
Shoe Repair	3.3	Bank	.7
Confectionery	3.2	New Auto Sales	.7
Meat, Fish, and Poultry	2.6	Upholsterer	.7
Beautician	2.5	Florist	.7
Laundry	2.4	Family Clothes	.6
Fruits and Vegetables	2.1	Theatre	.5
Bakery	2.0	Printer	.5
Tailor	1.9	Auto Accessories	.4
Women's Wear	1.8	Roofer and Tinner	.4
Electric Appliances, Radio, and T.V.	1.7	Antiques	.4
Hardware	1.6	Tires	.4
Realtor	1.6	Tobacco	.4
Tavern	1.2	Stationery	.4
		Post Office	.4
		Candy	.3
		Millinery	.3
		Taxi	.3

The above stores represent four-fifths of all the retail outlets in shopping centres.

A major shopping centre has almost all the retail establishments listed above. An intermediate shopping centre generally has the first fifteen types of establishments, and a minor centre has a few stores with no definite pattern as to types. If we recall the retail establishments of the planned shopping centre in Toronto mentioned previously, we note that because it has neither a theatre nor a post office, it is classified as an intermediate shopping centre. In Boston, there are thirty-three major shopping centres, fifty-three intermediate shopping centres and three hundred and thirty-two minor centres. It is quite reasonable to expect that this ratio of major, intermediate, and minor centres is constant for larger Canadian cities as well.

Some types of retail establishments tend to seek corner-sites more consistently than other businesses. The following list gives the percentage of the total number of establishments of that particular type which are on corners:

Type of Outlet	*Percentage of Total*	*Type of Outlet*	*Percentage of Total*
Drug	69.0%	Florist	18.6%
Gasoline Service Station	66.3	Men's Wear	18.5
Confectionery	45.2	Meat, Fish, and Poultry	15.2
Bank	43.3	Hardware	13.8
Delicatessen	36.2	Dry Cleaner	13.0
New Auto Sales	33.2	Electrical Appliance,	
Grocery	33.1	Radio, and T V	12.5
Furniture	30.4	Barber	12.3
Tavern	28.8	Bakery	11.7
Undertaker	22.8	Realtor	11.4
Restaurant	22.0	Plumber	11.4
Auto Repair	20.3	Laundry	10.4
Family Clothes	20.1	Beautician	8.4
Fruits and Vegetables	18.9	Tailor	7.0

As a rule, convenience goods establishments have a definite correspondence to corner sites. There is apparently no concerted effort to place service establishments on corners. Shopping goods establishment operators tend to avoid corner sites.

Planned Locations for Retail Outlets

So far, we have discussed the general retail structure of cities showing that shopping centres have definite functions in the urban pattern, take certain specific forms and may develop in various ways. Further, we have mentioned the recurrence of retail establishments, the use of corner sites, and the interrelation of convenience, shopping, and service establishments. The next question which logically could be asked is how or where do we obtain general information which will assist us in planning locations for retail outlets.

As each type of retail outlet has its own set of requirements, we feel that it would be reasonable to take one type of retail establishment, the gasoline service station, and suggest a technique of location analysis for it. Some of the factors to consider are location of competitors, selection of comparable suitable properties, proximity of complementary retail types, restrictive zoning, limited hours of operation, analysis of socio-economic neighbourhoods and determination of growth cycle, traffic movements, percentage of transient and terminal customers, and even the probable effect of the proposed outlet on your own existing business.

One of the first steps that we suggest is to contact the local planning board or similar organization. Often, much of the urban analysis of such things as zoning restrictions, neighbourhood factors and road information may already be in map form or table form ready for your inspection. The active progress of planning boards in Canada in the last few years means that they have knowledge which would be helpful in general retail planning. Such projected urban plans as new subdivisions, traffic changes, street widenings, applications for new shopping centres, and so on, are made in conjunction with planning boards. By correlating data from this source, it is possible to ascertain what general areas are available for new retail expansion.

Evaluation of one neighbourhood or trading area against another is also important. An easy way to do this is to use the census tract data which will be published by the Dominion Bureau of Statistics this spring. During the 1951 census, each large city in Canada was divided into small neighbourhood sections called census tracts. Corporate Toronto, for instance, has one hundred and fifty tracts. Detailed facts about each district were obtained, such as number, age, type, size and facilities of dwellings, and ownership of homes and automobiles. A comparison of the characteristics of the socio-economic status of each neighbourhood can indicate the trading areas with the greatest sales potential. A gasoline service station, for example, seeks a good economic residential section with a high density of automobile ownership and can capitalize on the convenience factor if it is near such an area and on the usual direct route of transportation of those living in it.

After plotting our own and competitive outlets on a map, and superimposing possible new neighbourhoods for an extension of outlets, we would likely find that most new sites which we could consider would be in shopping centres. Studies have shown that retail gasoline representation generally coincides with shopping centre coverage. It seems wise to locate service stations at the outer edges of a shopping centre so business can be drawn from both the residential neighbourhoods surrounding the centre and from those people who live beyond the immediate area of a shopping centre but who come to shop there.

It is furthermore important to judge the effect of the new location not only on total sales but also on comparative share of the market. The establishment of a new outlet may well bring profit to an organization. Alternatively, it may simply insure its competitive standing in the industry.

By adapting this broad approach to their own special needs, the management of firms interested in extending their retail outlets could,

no doubt, save much time and effort in arriving at a practical solution. Well planned retail locations do not just happen, but are the result of concentrated study of a number of correlated factors considered to have an effect on the success of the outlet. Although the comparative emphasis of these factors may vary according to the retail type, it is essentially a matter of accumulating as much factual knowledge about the situation as possible and of using these facts as a basis for the final decision.

The development of suburban shopping centres affects the Canadian pattern of retail distribution significantly and therefore indirectly influences Canadian living habits. It is important that alert retailers, suppliers, advertisers, community leaders, real estate men, etc. keep abreast of this trend so that retail growth will serve them and their customers in the best possible manner.

Book Reviews

MANAGEMENT STRATEGY IN COLLECTIVE BARGAINING NEGOTIATIONS

by William J. Baade, Jr. National Foremen's Institute, New London, Connecticut, 1951. 198 pp. $7.00.

This loose-leaf book, published by the National Foremen's Institute in the United States, provides information on how to negotiate and write a collective agreement for those persons in management who deal with trade unions.

Since the book is American some of its contents pertain to American labour law and the rights of management thereunder. However, the greater part of the text is devoted to the consideration of topics which are very much a part of the Canadian labour relations scene. These topics deal with the following: Why Unions Act as They Do; Basic Union Aims and Management Bargaining Strategy; Safeguarding Management Rights; and Conduct at the Bargaining Table, in which section there is an interesting discussion on bargaining tactics and strategy.

The reviewer would recommend this publication highly to those who are in any way involved in bargaining relations with trade unions. It not only presents a clear and lucid exposition of the problems likely to confront the negotiator at the bargaining table, but also offers a number of sample contract clauses and practical suggestions to assist him in the preparation and conduct of management's presentations.

—I. E. Elliott
Research Associate
U.W.O. School of Business Administration

INCOME AND EMPLOYMENT

by Theodore Morgan. Second Edition. Prentice-Hall, Inc., New York, 1952. 389 pp. $6.00.

This is a revision of Professor Morgan's book on income and employment which was published in 1947. In general, the plan of the latest edition conforms to that of the earlier work. The material may be

divided into four parts: (1) a consideration of national income accounting, index numbers, changes in production and productivity, and the meaning of full employment (chapters 1-7); (2) an explanation of employment theory based on the teachings of Lord Keynes, with emphasis upon the importance of consumption, investment, and government expenditures (chapters 8-13); (3) an evaluation of various full employment policies (chapters 14-19); (4) a discussion of the experience and problem of inflation.

Two new chapter headings, namely, National Accounts and Inflation, appear in the latest volume. A brief consideration of these topics, however, was incorporated in the earlier work. The revision contains more charts and illustrative material than the 1947 edition, particularly in regard to the composition of the national income. A new feature of significance is a short explanation of the use of input-output tables in analysing the interrelationships of various industries in the economy as a whole (pp. 39-41).

The most important part of the book is the section dealing with employment theory. Although the author accepts the basic principles laid down by the late Lord Keynes, he parts company with the extreme faction of the so-called "Keynesian School". Professor Morgan relies heavily on empirical studies to substantiate or refute economic theory. For example, he draws attention to the fact that investigations have demonstrated that the marginal propensity to consume of the rich is approximately the same as that of the poor. From this he draws the conclusion that a drastic redistribution of income leading to greater equality would have little effect upon the total volume of consumer spending (pp. 149-150). Morgan also questions the effect of interest rates upon the amount of investment. While admitting that changes in the interest rate will have some bearing upon the decisions of businessmen, the author contends that the marginal efficiency of capital (the estimated net return on marginal investment) is the dominating factor with respect to the volume of investment (pp. 160-176).

After discussing some doubtful analyses and proposals pertaining to the problem of employment (including a brief discussion of social credit), Professor Morgan deals with the generally acceptable methods of promoting full employment, namely, encouraging consumer expenditure, stimulating new investment, and adopting an appropriate fiscal policy. In this connection he analyses clearly the effect of employment of such governmental measures as taxation (in its various forms), borrowing, and spending. He explains how, in the face of insufficient private expenditure, the government may bring about full employment with a balanced budget or by incurring a deficit (pp. 300-306). The

merits and demerits of each plan are discussed. The author also considers various views on public debts. He explains the nature of the real burden of public debt and refutes popular fallacies in the subject.

With respect to the problem of adopting an appropriate price level policy for the future, the author's tone is uncertain. In his own words: "It is unlikely that any plan for a stable, gently rising or gently falling price level will actually be realized over the course of the years" (p. 349). Professor Morgan points out that as the national income (effectual demand) rises, business organizations and labour unions may adopt attitudes (e.g., asking ever higher prices and wages) which may render any price level policy ineffective. These are factors involving human psychology "to which we are not able to give a precise answer". He hopes, nevertheless, that we can have an economy in which prices are kept down by competition of producers for markets and of workers for jobs rather than by the use of price controls, rationing, and priorities (p. 350).

In the final chapter the author presents a vivid picture of the harmful consequences of uncontrolled inflation, illustrating with reference to the postwar experience of such countries as Austria, China, France, Germany, Italy, and Japan. He concludes with an account of price control problems in the United States and evaluates various measures designed to curb an undesirable rise in the price level.

In these days of inflationary pressures, apprehension regarding the international scene and possible deflationary consequences of a reduction or levelling off in armament spending, businessmen, economists, and the general public would benefit by reading Professor Morgan's excellent book.

—M. K. Inman
Head of the Department of Economics
University of Western Ontario

THE DYNAMICS OF A LABOUR MARKET

by Charles A. Myers and George P. Shultz. Prentice-Hall, Inc., New York, 1951. 219 pp. $3.00.

This book is the inaugural text in a new Prentice-Hall series of monographs designed to make available to a wide student, business, and labour audience the results of current research studies in the field of

industrial relations. This particular study is a report by Messrs. Myers and Shultz, of the Massachusetts Institute of Technology, concerning the impact of unemployment on a local labour market and an appraisal of the reactions of the jobless workers, the employed workers, managements, and unions.

As yet, very little is known about the actual operations of the "labour market", although a great deal of theorizing about the concept has been attempted. A study such as this, of a labour market reacting to unemployment and a labour surplus, can illuminate many aspects of its operation in the opposite situation, that of a labour shortage. One can observe, for instance, how changed economic circumstances affect the goals and motives of workers on the job, the problems of introducing technological change, and the determination of wage changes where a union is or is not involved. Since the trends studied here can be reversed, knowledge of them fosters some understanding of the operation of a labour market under a variety of circumstances. The adjustments which occur in response to changed situations are, according to the authors, "the dynamic aspects of the labour market".

This research project started in September 1948, when there was a partial mill shutdown in a medium-sized New England community in the United States which resulted in the unemployment of about 12% of the local labour force.

The study is divided into two major parts, the first concerned with the experience of the displaced workers, and the second, with the impact of the shutdown on the problems of the firms and the trade unions operating in the community.

The first section gives a brief description of the community and economic setting as background, and then analyses the position of the workers whose unemployment was due largely to the mill shutdown and the mild business recession of that period. Here the authors outline the characteristics of the displaced workers and their previous employment or unemployment experiences, the methods used by the workers in their search for jobs and the extent of their knowledge about employers in the community, the role of the State Employment Service and of unemployment compensation, and finally the satisfactions or goals sought by workers in their jobs and the effect of the shutdown on these goals.

In the second section the authors describe the repercussions inside the plant itself of the prevailing unemployment—changes in manage-

ment personnel policies, worker performance, wage policy of both union and management, and union-management relations generally.

A research study such as this, restricted though it may be in scope, is valuable in that it provides an additional accretion to the body of knowledge about the actual functioning of the labour market. The authors observe, for instance, that workers in search of a job make no systematic survey of alternative job opportunities in order to formulate a rational choice; nor do they utilize the local State Employment Service to any appreciable extent in this process. Instead, most workers, whether looking for their first job, or seeking a new job because they were laid off their current work, tend to rely almost completely on their friends or relatives in various firms or industries for information concerning available openings. It is also interesting to note, in view of some popular misconceptions about the misuse of unemployment benefits, that most of the displaced workers preferred jobs to receiving such benefits, even though their new job earnings were not much in excess of the benefits.

The survey on "job satisfactions", or what workers regarded as important to them in a job situation, indicated three groups of factors governing their choice: (1) "human relations" on the job, defined as the degree of independence and control accorded the individual, fairness in treatment, and relations with fellow workers; (2) the physical nature of the job; (3) wages, in the sense of being adequate to meet customary standards of living. The interesting observation made here was that the series of factors influencing a worker's choice of a job are by no means fixed in relative importance, but vary with changed economic circumstances. In this case, for instance, where considerable unemployment existed and jobs were at a premium, the greatest emphasis in choice was on long run security of employment.

As might be expected in the union-management relations sphere, those firms which enjoyed good working relations with unions did not press their advantages because of the unemployment situation. However, local unemployment did appear to weaken unions where they were initially weak. In day-to-day relations, workers were more reluctant to bring up trivial grievances for fear of discharge, and management was able to tighten up its personnel policies considerably and to rid its payroll of some of the less desirable and less productive employees. In negotiations, trade unions completely opposed any attempt by management to cut wage rates below existing levels, although no demands were made for increases. This exemplifies the fallacy of any economic theory which assumes that wages always react directly to changes in the demand for labour, especially where there is any question of downward adjustment.

Most of the conclusions arrived at in this book verify the opinions and postulates of others. The study is essentially an "additive" one, in that the authors have been able to build upon research completed by others, testing and developing the hypotheses already stated. They have, however, advanced new concepts more particularly related to their study, and, by the painstaking process of investigation and by countless interviews with the people affected by the shutdown, have given us some valuable insights into the labour market and the people who make it up and largely determine its operation.

—I. E. Elliott
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